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October 31, 2014

Los Angeles Grand Avenue Authority
Hall of Administration, Room 726
500 West Temple Street
Los Angeles, CA 90012
Attention: Santos Kreimann

Los Angeles County
c/o Hall of Administration, Room 726
500 West Temple Street
Los Angeles, CA 90012
Attention: Santos Kreimann

Re: Grand Avenue Parcel Q: Deliveries in Satisfaction of October 31, 2014
Requirements under Performance Schedule

Dear Mr. Kreimann:

On behalf of our client Grand Avenue Los Angeles, LLC, this is to confirm that all of the submittals required by October 31, 2014, under the current Schedule of Performance for the Grand Avenue Disposition and Development Agreement as amended ("DDA"), are being made today. These include the proposed forms of definitive agreements with SBE for Hotel Operations and for Equity Investment, being submitted today under separate cover to the Authority's counsel for confidential review, as well as the schematic design drawings pursuant to the DDA ("Schematic Design Drawings") enclosed with this letter. The Schematic Design Drawings are being delivered to you for the benefit of the Authority and for the benefit of the County of Los Angeles, as required by the Schedule of Performance.

1. Schematic Design Drawings.

The Schematic Design Drawings prepared by Gehry Partners represent the logical evolution from the Concept Design Drawings previously presented to the Authority and attached to the Fourth Amendment. That evolution also reflects market feedback and ongoing efforts to manage construction costs, while preserving the iconic design as approved by the Authority and the Board of Supervisors for this landmark location.

The program summary is enclosed for the Authority's consideration in connection with its review of the Schematic Design Drawings. As requested, enclosed are one full size set, 4 half-size sets, and 5 CD's with electronic files. In addition, we are enclosing ten (10) copies of

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an executive summary booklet. Related, SBE and Gehry Partners will also be available to answer any questions you may have at your upcoming Authority meeting scheduled for November 5, 2014.

2. Proposed Form of Hotel Management Agreement with SBE.

This agreement is being delivered to the Authority's counsel under separate cover.

3. Proposed Form of Agreement for Equity Investment on behalf of SBE.

This agreement is also being delivered to the Authority's counsel under separate cover, and we look forward to cooperating with the review process for the Authority's approval of SBE's investment. For ease of reference, attached hereto is an organizational chart depicting the current proposed ownership of the project following the closing of (i) each of Related and SBE's equity investment in a joint venture (the "GP Joint Venture") that would function as the general partner of the Limited Partner Joint Venture (as defined and depicted in the organization chart), and (ii) an additional majority equity investment from one or more to-be-determined third party investors who would participate as limited partners in the entity that will directly own the project.

The submittal of these three Project deliverables represents an intensive and collaborative work effort between Related, SBE and Gehry Partners over the past year. We respectfully request your acknowledgment on behalf of the Authority and of the County of receipt of these materials from Related as provided in the Performance Schedule and look forward to the opportunity for further discussions as the project moves forward.

Your attention to this matter is much appreciated. Please let us know if you have any comments or questions.

Very truly yours,



Lucinda Starrett
of LATHAM & WATKINS LLP

Encl.

cc: William Fujioka, Chief Executive Officer—County of Los Angeles
Christine Frias, County of Los Angeles
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Grand Avenue Project
Proposed Ownership Structure
as of October 31, 2014

